



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

TOPE-MCKAY & ASSOCIATES
30765 PACIFIC COAST HIGHWAY #420
MALIBU, CA 90265

MAILED

MAY 25 2011

OFFICE OF PETITIONS

In re Patent of Neil Stratton	:	
Patent No. 6,793,224	:	
Issue Date: September 21, 2004	:	Decision on Petition
Application No. 09/801,536	:	
Filing Date: March 8, 2001	:	
Attorney Docket No. CS1001	:	

This is a decision on the petition under 37 CFR 1.378(b) filed November 1, 2010, as supplemented on May 13, 2011.

The petition is **dismissed**.

Background

Application No. 09/801,536 was filed March 8, 2001.

The sole inventor is Neil Stratton.

On or about March 8, 2001, Stratton assigned his rights to the invention to Carver Skateboards, Inc. ("Owner 1").

Eyerick Williamson was the Chief Executive Officer and Chief Financial Officer of Owner 1.

During late 2002, the firm of Tope-McKay & Associates began assisting Owner 1 with the prosecution of the application "on a piece-mail basis." However, the Office was not instructed to send communications to the law firm and, as of November 12, 2002, the correspondence address of record for the application was:

Eyreick Williamson, President
Carver Skateboards, Inc.
245 Turnbull Canyon Road
City of Industry CA 91745

The application issued as a patent on September 21, 2004.

During the time period from 2000 to June 2008, Williamson paid all fees and legal costs related to the patent, and Williamson did not discuss payment of most of the fees with the inventor.

Williamson's statement states, "I believed our new law firm would contact us regarding any notices or fees."

The inventor's statement states the inventor believed the law firm "would contact [Owner 1] or myself with any notices."

The 3.5 year maintenance fee could have been paid from September 21, 2007, to March 21, 2008, or with a surcharge from March 22, 2008, to September 22, 2008.

The law firm's docketing system included an e-mail address for the inventor and the law firm sent a maintenance fee reminder to the e-mail address on February 29, 2008. However, the e-mail was not received because the e-mail address for the inventor in the docketing system included a typographical error. Specifically, the docketing system identified the e-mail address as neil.stratton@comcast.net instead of neilstratton@comcast.net.

The law firm did not receive any response to the February 29, 2008 e-mail.

During June 2008, Williamson and the inventor decided to dissolve Owner 1 and divided up Owner 1's assets. The inventor states, when Williamson and the inventor discussed the division of the assets, Williamson assured the inventor all the assets, including the patent, were current and in full force.

The 3.5 year maintenance fee was not paid on or before September 22, 2008. As a result, the patent expired on September 22, 2008.

On October 19, 2010, the law firm discovered the expiration of the patent while preparing a letter to a competitor alleging infringement of the patent.

On a date after the dissolution of the company, but before May 7, 2010, ownership rights in the patent were transferred from Owner 1 to Carver International Co. ("Owner 2").

A petition under 37 CFR 1.378(b) was filed November 1, 2010.

The Office mailed a Request for Information on March 21, 2011.

A response to the Request for Information was filed May 13, 2011.

Law

A grantable petition under 37 C.F.R. § 1.378(b) must be accompanied by a showing to the satisfaction of the Director that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable.

In order for a party to show unavoidable delay, the party must show "reasonable care was taken to ensure that the maintenance fee would be promptly paid."¹ The level of "reasonable care" required to be shown is the same as the level of "care or diligence ... generally used and observed by prudent and careful men in relation to their most important business."² When determining if a period of delay has been shown to have been unavoidable, the Office will take "all the facts and circumstances into account" and will decide each petition "on a case-by-case basis."³

35 U.S.C. § 41(c)(1) states, with emphasis added, "The Director may accept the payment of any maintenance fee . . . after the six month grace period if the delay is *shown to the satisfaction of the Director* to have been unavoidable." Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

The Office and Congress have recognized the unavoidable standard can be very difficult to meet. During 1992, Congress considered the difficulty involved in reinstating a patent under the unavoidable. Congressional representatives described the unavoidable standard as inflexible, extremely hard to meet, too stringent and harsh.⁴ Congress did NOT take steps to make the unavoidable standard more flexible, easier to meet, less stringent, or less harsh. Instead, Congress determined that it would allow patent owners the ability to reinstate a patent under an "unintentional" standard as long as the petition was filed within 24 months of the expiration of the patent. Congress chose to continue requiring proof of unavoidable delay for petitions filed after the 24 month time period.

Analysis

Owner 1's Conduct

The inventor took over Owner 1 during June 2008.

¹ 37 C.F.R. § 1.378(b).

² *In re Mattulath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). See also *Ray v. Lehman*, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.")

³ *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

⁴ "[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard." 138 CONG. REC. S16613, 16614 (September 30, 1992) (Rep. DeConcini) (emphasis added). "The unavoidable standard has proved to be too stringent in many cases." 138 CONG. REC. H1115 (October 3, 1992) (Rep. Hughes) (emphasis added). "The unavoidable standard is 'too stringent'. Some patent owners have lost their patent rights due to circumstances that do not warrant this harsh result, but that could not be considered 'unavoidable' under current law." 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum) (emphasis added).

The inventor's statement states,

From 2000 to [June] 2008, Williamson ... handled all legal and financial matters... During this time Williamson paid all the legal fees pertaining to the patent, and most of these were not discussed with me unless there was a design question....

When Williamson and I decided to split in June of 2008, and the division of the company's assets were discussed, including this patent, I was assured that everything was current and in full force.... *I trusted the patent had been renewed as I had been told.*

The inventor's statement explicitly states he had been told the patent was renewed. However, Williamson's statement does not indicate Williamson ever told the inventor any maintenance fee had been paid for the patent, and the record fails to disclose any motive Williamson would have had for making such a statement.

The inventor's assertion he was told the patent was renewed appears to be based on the inventor's interpretation that a statement asserting Owner 1's assets, including the patent, were current and in full force is the equivalent of a statement the 3.5 year maintenance fee was paid. However, since the 3.5 year maintenance fee could have been paid as late as September 22, 2008, a statement asserting the assets were current and in full force was not the equivalent of a statement the fee had been paid. For example, if an individual's monthly car payment can be paid as late as May 30, 2011, an assertion by the individual that all car payments are current made on May 15, 2011, would not be the equivalent of a statement the payment due by May 30, 2011, was already paid. Therefore, the record fails to show a reasonable and prudent person, treating the patent with the same level of care the person would use when handling the person's most important business, would have assumed the maintenance fee had already been paid based on Williamson's ambiguous statement.

Although a statement by Williamson that the patent was current and in full force was not necessarily an indication the maintenance fee had already been paid, a reasonable person could interpret the statement, when viewed in conjunction with all the other facts in this case, as an indication Williamson had responded to all prior notices related to the patent sent to Owner 1 from the firm. Therefore, the inventor's belief the fee had been paid, may well have been the result of:

1. An assumption the firm would notify Owner 1 when a maintenance fee became due,
2. An assumption Williamson had responded to any notices a maintenance fee was due for the instant patent received prior to the date the inventor assumed control of Owner 1, *and*
3. The fact the inventor did not receive any notices indicating any maintenance fee was due after the date the inventor assumed control of Owner 1.

As to item 1 listed above, the inventor appears to have assumed the law firm would notify Owner 1 when maintenance fees became due. However, the record fails to establish such an assumption

was consistent with the level of care normally exercised by reasonable and prudent individuals when handling their most important business.

The November 1, 2010 petition states,

In approximately November of 2002, Petitioner engaged the services of [the law firm] to assist Petitioner, on a piece-meal basis, in responding to Office actions and other communications from the USPTO....

Petitioner wanted to reduce docketing costs and maintain further control of the Patent Application. As such, although Petitioner engaged [the law firm] to respond to USPTO communications related to the Patent Application, such communication continued to be mailed to [Owner 1] and [the law firm] was not made the attorney of record.

The language quoted directly above clearly indicates Owner 1 hired the law firm on a *piece-meal basis* in order to reduce costs and maintain control of the patent. The language also appears to indicate Owner 1 would receive a notice or communication from the USPTO and then contact the law firm for assistance in responding to the notice or communication. The record does not indicate the law firm was responsible for monitoring the case and notifying Owner 1 each time a legal obligation involving the case arose. In other words, the record fails to establish the fact a party has hired a law firm on a piece-meal basis, without more, warrants an assumption the law firm is obligated to notify the party when maintenance fees become due.

The inventor's statement states, with emphasis added, "At the time we completed the patent we also set up a notification system that would alert us to any notices, updates, and renewal fees." The quoted language *implies*:

1. The inventor and the law firm explicitly discussed the subject of renewal fees,
2. The inventor and the law firm agreed the firm would notify the inventor when such fees became due, and
3. The inventor and the law firm set up a *reliable* system to notify Owner 1 when the fees became due.

Although the quoted language implies the facts above are true, the record does not include a statement from any individual at the law firm stating Owner 1 and the law firm explicitly discussed maintenance fees and/or worked together to set up a system to notify Owner 1 when maintenance fees became due. In addition, the petition does *not* state the law firm and the inventor set up the notification system, does *not* state the law firm was legally obligated to enter the matter into the docketing system, does not state the law firm was legally obligated to notify Owner 1 when the fee became due, or state the firm informed the inventor or Williamson that the patent had been entered into the docketing system. Therefore, the Office will not interpret the quoted language, at this time, as the equivalent of a clear assertion that the inventor and the law firm explicitly discussed the subject of renewal fees, agreed the firm would notify the inventor when such fees became due, and set up a *reliable* system to notify Owner 1 when the fees became due.

The Office recognizes the firm did enter the patent into a docketing system that would alert the firm when the 3.5 year maintenance fee became due. However, the record fails to indicate whether or not the law firm docketed the patent as a courtesy or as the result of a legal obligation. In addition, the record fails to indicate the law firm told Owner 1 that the law firm would notify Owner 1 when the maintenance fee became due.

In view of the prior discussion, the record fails to establish Owner 1's conduct, via the inventor's conduct, was consistent with the level of care normally exercised by reasonable and prudent individuals when handling their most important business.

The Office notes Williamson's statement does not address, or even acknowledge the existence, of, any discussion of the patent between Williamson and the inventor during June 2008. If a request for reconsideration is filed, the request should include a new statement by Williamson. The statement should fully address *all* discussions of the patent between Williamson and the inventor during June 2008. For example, Williamson should address the inventor's assertion Williamson assured the inventor all the assets, including the patent, were current and in full force.

Owner 2's Conduct

The record fails to identify the exact date Owner 2 became the owner of the patent. However, the record appears to indicate the inventor is the individual at Owner 2 responsible for handling patent matters. Therefore, the exact date Owner 2 became the owner of the patent is unnecessary since the discussion of Owner 1's conduct appears to apply equally to Owner 2.

The Law Firm's Conduct

Even if the record established the law firm was under a clear legal obligation to notify Owner 1 when the 3.5 year maintenance fee became due, the petition could not be granted.

Reliance on a third party representative does not, per se, constitute "unavoidable" delay. When a party relies on an attorney to take certain steps, the petition must address not only the party's actions *but also* must address the attorney's actions or inactions.⁵ A showing is insufficient if it merely establishes that a petitioner did everything the petitioner could do monitor the attorney's actions and inactions, but fails to address the attorney's conduct.⁶

⁵ See *Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship*, 507 U.S. 380, 396, 397 (1993) ("The [Circuit] court also appeared to focus its analysis on whether respondents did all they reasonably could in policing the conduct of their attorney, rather than on whether their attorney, as respondents' agent, did all he reasonable could to comply with the court-order bar date. In this, the court erred. . . . [I]n determining whether respondents' failure to file their proof of claim prior to the bar date was excusable, the proper focus is upon whether the neglect of respondents *and their counsel* was excusable." (emphasis in original)). In *Huston v. Ladner*, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney's actions. The majority was unpersuaded by the dissent which states in part that the "errors occurred despite exceptional vigilance by the client."

⁶ See *Id.*

In essence, one may not prove unavoidable delay by proving that one shifted the burden to take an appropriate action to a third party. If one chooses to rely on the actions or inactions of a third party, one will be bound by such actions or inactions. As recognized by the Supreme Court, with emphasis added,

Petitioner voluntarily chose his attorney as his *representative* in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected *agent* ... Each party is deemed bound by the acts of his lawyer-*agent* and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'⁷

Williamson was the individual at Owner 1 responsible for handling payment of legal fees and costs at the time the e-mail was sent, and Williamson would have been the individual who would have submitted the maintenance fee to the law firm, or directly to the USPTO. The record fails to indicate the law firm ever attempted to contact Williamson to inform him the 3.5 year maintenance fee was due. The record fails to provide any explanation for the law firm's failure to attempt to contact Williamson.

The law firm did make an attempt to contact the inventor using an e-mail address for the inventor. The firm's rationale for attempting to contact the inventor by e-mail is unclear. Specifically, the record fails to indicate the inventor ever informed the law firm to send communications to the inventor by e-mail or indicate the law firm had successfully received responses to e-mails concerning this case from the inventor in the past.

The record also fails to indicate the law firm used e-mails to correspond with the inventor when handling other cases. Office records indicate Application No. 11/039,617 was filed by the law firm on January 19, 2005, and Application No. 12/080,342 was filed by the law firm on April 2, 2008. The inventor in this case is identified as the inventor in both applications. Both applications eventually issued as patents. The record does not indicate whether or not communications with the inventor pertaining to the other applications were conducted via e-mail or another method.

Although the record fails to identify the exact reason the firm attempted to contact the inventor via e-mail, the use of an e-mail address when sending a notice is not *per se* unreasonable. For example, if the firm had received a response to the e-mail, the failure to send the notification by any other means might well have been reasonable. In this case, the law firm did not receive a response to the e-mail.

A variety of situations can result in a party failing to receive a response to an e-mail. Such situations include, *but are not limited to*:

1. The recipient's e-mail address set forth in the sender's records may contain a typographical error,

⁷ *Link v. Wabash Railroad Co.*, 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) (quoting *Smith v. Ayer*, 101 U.S. 320, 326 (1880)).

2. The sender may make a typographical error when typing the recipient's e-mail address when preparing the e-mail,
3. The recipient may no longer use the e-mail address,
4. The host of the recipient's e-mail address may use spam filtering software that results in the e-mail being automatically placed in a trash folder,
5. The e-mail might not be received as a result of a "glitch" in hardware, software, a server, or other item, and
6. The recipient may read the e-mail and believe a response is unnecessary,
7. The recipient may read the e-mail and consider the matter to lack enough value to warrant spending time responding to the e-mail.

The record fails to indicate the law firm took any action after failing to receive a response to the e-mail, and fails to set forth any explanation for the law firm's failure to take any further actions to contact the inventor (or Williamson).

The Office has reviewed all the facts of record and determined the record fails to prove, if the law firm was legally obligated to notify Owner 1 when the 3.5 year fee became due, the law firm's failure to take any action to contact Williamson, in conjunction with the firm's failure to take any additional actions to contact the inventor, was consistent with the level of care normally exercised by reasonable and prudent individuals when handling their most important business

Petitioner's Current Options

I. Petitioner may file a request for reconsideration.

Any request for reconsideration must be submitted within TWO (2) MONTHS from the mail date of this decision and include a non-refundable petition fee of \$400. Extensions of time under 37 C.F.R. § 1.136(a) are NOT permitted. The reconsideration request should include a cover letter entitled "Renewed Petition under 37 CFR 1.378(b)." This is **not** a final agency action within the meaning of 5 U.S.C. § 704.

After a decision on the petition for reconsideration is issued, no further reconsideration or review of the matter will be undertaken by the Director. Therefore, it is extremely important that petitioner supply **any** and **all** relevant information and documentation with his request for reconsideration. The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that it is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable. Therefore, if a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.

II. Petitioner may request a refund of the maintenance fee and surcharge which accompanied the petition.

Since the petition is dismissed, petitioner may request a refund of the maintenance fee and surcharge. Petitioner is reminded that if a request for reconsideration is later filed along with the

\$400 fee, the \$400 will not be refunded. A request for a refund should be sent to: Mail Stop 16, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450. A copy of this decision should accompany any request for refund.

Further correspondence with respect to this matter may be submitted as follows:

By Internet: A request for reconsideration may be filed electronically using EFS Web.⁸
Document Code "PET.OP" should be used if the request is filed electronically.

By mail: Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

By facsimile: (571) 273-8300
Attn: Office of Petitions

By hand: U.S. Patent and Trademark Office
Customer Service Window
Randolph Building
401 Dulany Street
Alexandria, VA 22314

Telephone inquiries regarding this communication should be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Charles Steven Brantley
Senior Petitions Attorney
Office of Petitions

⁸ General Information concerning EFS Web can be found at <http://www.uspto.gov/patents/process/file/efs/index.jsp>.